

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the **CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY** (the Township) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within the Financial Report. Management believes that the consolidated financial statements present fairly the Township's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

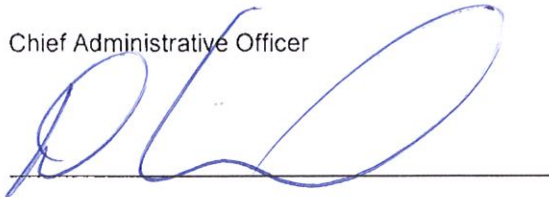
These systems are monitored and evaluated by management and reliable consolidated financial information is available for preparation of the consolidated financial statements.

The Township's Council carries out its responsibilities for review of the consolidated financial statements principally through its regular meetings. The Township's Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

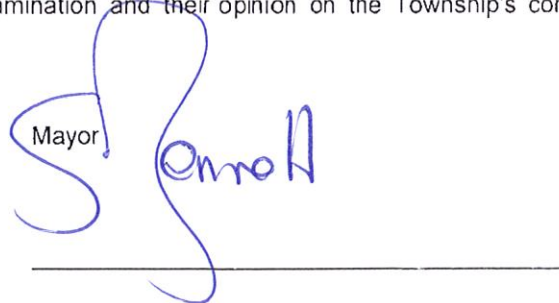
The external auditors have full access to the Township's Council with and without the presence of management. The Township's Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, Chartered Professional Accountants, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Chief Administrative Officer



Mayor



June 7, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Laurentian Valley (the Township), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and change in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2021 and the results of its consolidated operations, change in net financial debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

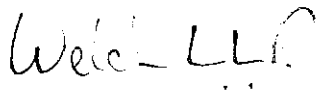
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario
June 7, 2022

Welch

An Independent Member of BKR International

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash	\$ 6,740,846	\$ 5,852,334
Investments (Note 2)	783,612	743,427
Taxes receivable (Note 3)	793,331	823,852
Accounts receivable	644,401	617,790
Inventories for resale	<u>5,352</u>	<u>3,630</u>
	<u>8,967,542</u>	<u>8,041,033</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,902,923	1,831,639
Deferred revenue - general	2,074	60,860
Deferred revenue - obligatory (Note 4)	774,953	358,197
Provision for landfill closure and post-closure costs (Note 5)	365,873	332,096
Long-term debt (Note 6)	<u>5,977,339</u>	<u>5,559,322</u>
	<u>9,023,162</u>	<u>8,142,114</u>
NET FINANCIAL DEBT	<u>(55,620)</u>	<u>(101,081)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	27,219,290	26,133,705
Prepaid expenses	<u>30,757</u>	<u>15,996</u>
	<u>27,250,047</u>	<u>26,149,701</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 27,194,427</u>	<u>\$ 26,048,620</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u> 2021	<u>Actual</u> 2021	<u>Actual</u> 2020
REVENUE			
Property taxation	\$ 5,737,704	\$ 5,678,867	\$ 5,292,556
Payment in lieu of taxes	90,000	183,172	169,916
User and frontage charges	3,099,235	3,631,091	3,433,991
Provincial and other government transfers	1,186,467	1,227,743	1,455,231
Gas tax funding	472,000	350,030	493,451
Development charges	-	12,622	-
Investment income	78,226	55,907	81,014
Penalties and interest	140,000	149,077	76,035
Fees, service charges, donations and miscellaneous	253,530	211,176	224,778
Gain (loss) on disposal of tangible capital assets	-	83,782	(13,420)
	<u>11,057,162</u>	<u>11,583,467</u>	<u>11,213,552</u>
EXPENSES			
General government	1,387,486	1,273,240	1,249,935
Protection to persons and property	1,872,494	1,849,562	1,868,655
Transportation services	2,392,617	3,398,399	3,408,804
Environmental services	2,543,467	2,716,761	2,603,200
Recreation and cultural services	681,247	808,845	703,989
Planning and development	470,450	390,853	295,154
	<u>9,347,761</u>	<u>10,437,660</u>	<u>10,129,737</u>
EXCESS OF REVENUE OVER EXPENSES	1,709,401	1,145,807	1,083,815
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,048,620</u>	<u>26,048,620</u>	<u>24,964,805</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 27,758,021</u>	<u>\$ 27,194,427</u>	<u>\$ 26,048,620</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u> <u>2021</u>	<u>Actual</u> <u>2021</u>	<u>Actual</u> <u>2020</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>1,709,401</u>	\$ <u>1,145,807</u>	\$ <u>1,083,815</u>
Acquisition of tangible capital assets	(3,931,366)	(2,933,936)	(2,684,221)
Proceeds on disposal of tangible capital assets	-	103,244	4,118
Amortization of tangible capital assets	-	1,828,889	1,728,083
(Gain) loss on sale of tangible capital assets	-	(83,782)	13,420
Changes in level of prepaid expenses	-	(14,761)	13,039
	<u>(3,931,366)</u>	<u>(1,100,346)</u>	<u>(925,561)</u>
(INCREASE) DECREASE IN NET FINANCIAL DEBT	(2,221,965)	45,461	158,254
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(101,081)</u>	<u>(101,081)</u>	<u>(259,335)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(2,323,046)</u>	\$ <u>(55,620)</u>	\$ <u>(101,081)</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,145,807	\$ 1,083,815
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,828,889	1,728,083
(Gain) loss on disposal of tangible capital assets	<u>(83,782)</u>	<u>13,420</u>
	2,890,914	2,825,318
Change in the level of:		
Taxes receivable	30,521	57,135
Accounts receivable	(26,611)	465,072
Inventories for resale	(1,722)	727
Prepaid expenses	(14,761)	13,039
Accounts payable and accrued liabilities	71,284	(174,411)
Deferred revenue - general	(58,786)	26,181
Deferred revenue - obligatory	416,756	(154,486)
Solid waste landfill closure and post-closure liability	<u>33,777</u>	<u>16,673</u>
	<u>3,341,372</u>	<u>3,075,248</u>
CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	103,244	4,118
Acquisition of tangible capital assets	<u>(2,933,936)</u>	<u>(2,684,221)</u>
	<u>(2,830,692)</u>	<u>(2,680,103)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	854,119	57,345
Repayment of long-term debt	(436,102)	(450,859)
Repayment of demand loan	<u>-</u>	<u>(19,414)</u>
	<u>418,017</u>	<u>(412,928)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of investments	<u>(40,185)</u>	<u>(79,212)</u>
NET CHANGE IN CASH	888,512	(96,995)
CASH, BEGINNING OF YEAR	<u>5,852,334</u>	<u>5,949,329</u>
CASH, END OF YEAR	<u>\$ 6,740,846</u>	<u>\$ 5,852,334</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2021

SCHEDULE 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Linear Assets</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2021</u>	<u>2020</u>
COST:								
Balance, beginning of year	\$ 804,117	\$ 592,477	\$ 9,669,856	\$ 46,670,201	\$ 1,565,490	\$ 3,762,415	\$ 63,064,556	\$ 61,108,163
Acquisition of tangible capital assets	-	-	77,355	1,841,007	133,714	801,820	2,853,896	2,744,134
Disposal of tangible capital assets	-	-	-	-	-	(423,941)	(423,941)	(727,828)
Construction-in-progress	-	-	-	80,040	-	-	80,040	(59,913)
Balance, end of year	<u>804,117</u>	<u>592,477</u>	<u>9,747,211</u>	<u>48,591,248</u>	<u>1,699,204</u>	<u>4,140,294</u>	<u>65,574,551</u>	<u>63,064,556</u>

ACCUMULATED AMORTIZATION:

Balance, beginning of year	-	277,418	3,162,004	30,574,708	913,278	2,003,443	36,930,851	35,913,058
Annual amortization	-	15,246	205,345	1,276,474	57,628	274,196	1,828,889	1,728,083
Accumulated amortization on disposal of tangible capital assets	-	-	-	-	-	(404,479)	(404,479)	(710,290)
Balance, end of year	<u>-</u>	<u>292,664</u>	<u>3,367,349</u>	<u>31,851,182</u>	<u>970,906</u>	<u>1,873,160</u>	<u>38,355,261</u>	<u>36,930,851</u>

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	<u>\$ 804,117</u>	<u>\$ 299,813</u>	<u>\$ 6,379,862</u>	<u>\$ 16,740,066</u>	<u>\$ 728,298</u>	<u>\$ 2,267,134</u>	<u>\$ 27,219,290</u>	<u>\$ 26,133,705</u>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 804,117</u>	<u>\$ 315,059</u>	<u>\$ 6,507,852</u>	<u>\$ 16,095,493</u>	<u>\$ 652,212</u>	<u>\$ 1,758,972</u>	<u>\$ 26,133,705</u>	<u>\$ 26,133,705</u>

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEAR ENDED DECEMBER 31, 2021

SCHEDULE 2

	General government	Protection to persons and property	Transportation services	Environmental services	Recreation and cultural services	Planning and development	Total
REVENUE							
Property taxation	\$ 5,678,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,678,867
Payment in lieu of taxes	183,172	-	-	-	-	-	183,172
User and frontage charges	343,764	84,034	155,241	3,034,552	-	13,500	3,631,091
Provincial and other government transfers	705,165	32,910	-	437,120	16,568	35,980	1,227,743
Gas tax funding	-	-	350,030	-	-	-	350,030
Development charges	-	-	12,622	-	-	-	12,622
Investment income	30,361	-	951	24,595	-	-	55,907
Penalties and interest	149,077	-	-	-	-	-	149,077
Fees, service charges, donations and miscellaneous	23,931	121,594	66,354	-	(703)	-	211,176
Gain on disposal of tangible capital assets	-	-	79,162	4,620	-	-	83,782
	<u>7,114,337</u>	<u>238,538</u>	<u>664,360</u>	<u>3,500,887</u>	<u>15,865</u>	<u>49,480</u>	<u>11,583,467</u>
EXPENSES							
Salaries, wages and benefits	802,707	320,638	862,809	666,887	10,672	318,505	2,982,218
Materials, supplies and contracted services	422,171	1,479,756	973,468	1,710,454	153,515	72,348	4,811,712
Donations and grants	-	-	-	-	595,837	-	595,837
Interest expense	7,054	-	139,486	35,977	-	-	182,517
Taxation adjustments and vacancy rebates	2,710	-	-	-	-	-	2,710
Provision for landfill closure and post-closure care	-	-	-	33,777	-	-	33,777
	<u>1,234,642</u>	<u>1,800,394</u>	<u>1,975,763</u>	<u>2,447,095</u>	<u>760,024</u>	<u>390,853</u>	<u>8,608,771</u>
NET REVENUE (EXPENSES) BEFORE AMORTIZATION	5,879,695	(1,561,856)	(1,311,403)	1,053,792	(744,159)	(341,373)	2,974,696
Amortization expense	38,598	49,168	1,422,636	269,666	48,821	-	1,828,899
NET REVENUE (EXPENSES)	<u>\$ 5,841,097</u>	<u>\$ (1,611,024)</u>	<u>\$ (2,734,039)</u>	<u>\$ 784,126</u>	<u>\$ (792,980)</u>	<u>\$ (341,373)</u>	<u>\$ 1,145,807</u>

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

The Corporation of the Township of Laurentian Valley is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township of Laurentian Valley are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Township and include the activities of all committees of Council and the following boards which are under the control of Council:

Township of Laurentian Valley Water System

In addition, the municipality is a member of two joint local boards. These consolidated financial statements include, based on the Township's share of total municipal contributions, the Township's proportionate share of the assets, liabilities, revenues and expenditures of the following joint local boards:

	<u>% Share</u>
Pembroke and Area Airport Commission	19.061
Ottawa Valley Waste Management Board	23.23

Inter-organizational transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions which include landfill closure and post-closure liability and the estimated useful life of tangible capital assets are based on management's information and judgment. Actual results could differ from those estimates.

Investments

Investments are valued at the lower of amortized cost and market value. Investment premiums and discounts are being amortized over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Landfill Closure and Post-Closure Liabilities

The Township is required to proportionately fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Inventories for Resale

Inventories for resale are valued at the lower of cost and net realizable value with cost being determined substantially on a first in, first out basis.

Deferred Revenue - Obligatory

Deferred revenue - obligatory consists of user charges received with respect to services and expenditures which have yet to be provided and/or incurred. Deferred revenue - obligatory will be recognized as income in the year the related services are provided or expenditures incurred.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

Revenues from property taxation, payment in lieu of taxes and penalties and interest are recognized in the period in which they are levied and collection is reasonably assured. User charges are recognized as the service is provided and collection is reasonably assured. Frontage charges and government transfers are recognized when the related expenditure is incurred. Revenue from the sale of assets and concessions are recognized at the point of sale. Developer contributions are recognized when legal title of the tangible capital asset has been transferred to the Township. Investment income is recognized as it is earned. Fees, service charges, donations, and miscellaneous are recognized when collection is reasonably assured.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Debt for the year.

i) **Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15-75
Buildings	25-50
Machinery and equipment	5-45
Vehicles	5-20
Linear assets	10-75

Annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is in service.

ii) **Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) **Natural Resources**

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 2 INVESTMENTS

Investments held by the Ottawa Valley Waste Management Board consist of a variety of fixed income securities and an investment savings account. The fixed income securities have effective interest rates of 1.95% to 4.87% with maturity dates from January 17, 2022 to March 5, 2040. The Township's share of the fair market value of these investments at December 31, 2021 is \$799,355 (2020 - \$722,736).

Investments held by the Pembroke and Area Airport Commission comprise of money market funds, income funds and a high interest savings account. The Township's share of the fair market value of these investments at December 31, 2021 is \$80,277 (2020 - \$79,101).

NOTE 3 TAXES RECEIVABLE

	<u>2021</u>	<u>2020</u>
Current year taxes	\$ 391,637	\$ 447,523
Prior year taxes	252,332	249,479
Penalties	<u>149,362</u>	<u>126,850</u>
	<u>\$ 793,331</u>	<u>\$ 823,852</u>

NOTE 4 DEFERRED REVENUE - OBLIGATORY

Deferred revenue - obligatory consists of the following:

	<u>2021</u>	<u>2020</u>
Development charges	\$ 28,853	\$ 5,386
Gas tax funding	538,848	302,288
Community infrastructure fund	<u>207,252</u>	<u>50,523</u>
	<u>\$ 774,953</u>	<u>\$ 358,197</u>

Continuity of deferred revenue - obligatory is as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 358,197	\$ 512,683
Development charges received	36,076	2,786
Government funding received - gas tax funding	583,907	284,766
Community infrastructure funding received	156,158	156,158
Investment income	3,267	5,421
Development charges recognized as income	(12,622)	-
Government funding recognized - gas tax funding	(350,030)	(493,451)
Community infrastructure funding recognized as income	-	(110,166)
Balance, end of year	<u>\$ 774,953</u>	<u>\$ 358,197</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 5 SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ottawa Valley Waste Management Board assumed control of a landfill site and also assumed liability for its closure and post-closure care. These consolidated financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post-closure costs have been discounted at 5.23% which is the Board's average long-term borrowing rate, net of estimated annual inflation of 2%. The existing landfill site is expected to reach capacity in approximately the year 2036. The following summarizes the Township's share of the estimated closure and post-closure costs and remaining capacity of the Board's landfill site at December 31, 2021:

	<u>2021</u>	<u>2020</u>
Township's share of Estimated Liabilities		
Expected total expenditures	\$ 1,426,973	\$ 1,386,370
Amount remaining to be recognized	<u>(1,061,100)</u>	<u>(1,054,274)</u>
Liability recognized to date	<u>\$ 365,873</u>	<u>\$ 332,096</u>
Landfill site's estimated remaining capacity in cubic metres	<u>511,000</u>	<u>550,400</u>
Landfill site's remaining useful life in years	<u>14</u>	<u>15</u>
Expected years of post-closure care	<u>33</u>	<u>33</u>

NOTE 6 LONG-TERM DEBT

(a) The terms of the long-term debt and how the principal payments will be recovered are as follows:

	<u>2021</u>	<u>2020</u>
From general taxation, a debenture, due 2022, payable in annual installments of \$111,800 with interest payable semi annually at 7.23% per annum.	\$ 111,800	\$ 223,600
From general taxation, a debenture, due 2040, payable in semi annual installments of \$1,430 plus interest at 2.47% per annum.	52,894	55,911
From general taxation, a debenture, due 2026, payable in semi annual installments of \$18,992 with interest payable semi annually at 3.35% per annum.	189,923	227,908
From general taxation, a debenture, due 2037, payable in semi annual installments of \$120,885 including interest at 3.49% per annum.	2,944,972	3,080,405

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 6 LONG-TERM DEBT (cont'd)

From general taxation, a capital lease, due 2022 payable in semi annual installments of \$4,298 including interest at 1.99% per annum.	4,256	12,745
From specific users, a debenture, due 2025, payable in semi annual installments of \$36,036 with interest payable semi annually at 4.42% per annum.	252,250	324,322
From general taxation, a debenture, due 2031, payable in semi-annual installments of \$43,232 including interest at 2.22%.	771,576	-
From general taxation, a debenture, due 2026, payable in monthly installments of \$8,561 including interest at 1.34%.	82,543	-
From general taxation, and specific users a debenture, due 2039, payable in semi annual instalments of \$54,925 including interest at 2.63% per annum.	<u>1,567,125</u>	<u>1,634,431</u>
	<u>\$ 5,977,339</u>	<u>\$ 5,559,322</u>

(b) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Payments on existing debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 524,051	\$ 181,921	\$ 705,972
2023	416,532	164,771	581,303
2024	425,329	151,465	576,794
2025	398,359	137,852	536,211
2026	371,664	126,364	498,028
Thereafter	<u>3,841,404</u>	<u>723,959</u>	<u>4,565,363</u>
	<u>\$ 5,977,339</u>	<u>\$ 1,486,332</u>	<u>\$ 7,463,671</u>

Interest on long-term debt amounted to \$182,517 (2020 - \$198,479). The Township's total cash payments in 2021 were \$618,358 (2020 - \$654,601).

NOTE 7 CONTAMINATED SITES LIABILITIES

The Township has adopted PS3260 Liability for Contaminated Sites. The Township did not identify any financial liabilities in 2021 (2020 - \$ nil) as a result of this standard.

NOTE 8 EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Tangible capital assets - cost (Schedule 1)	\$ 65,574,551	\$ 63,064,556
- accumulated amortization (Schedule 1)	(38,355,261)	(36,930,851)
Long-term debt (Note 6)	<u>(5,977,339)</u>	<u>(5,559,322)</u>
	<u>\$ 21,241,951</u>	<u>\$ 20,574,383</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 9 ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	<u>2021</u>	<u>2020</u>
Unfinanced expenditures		
General	\$ (381,074)	\$ (771,575)
Internally restricted reserves	6,699,423	6,577,908
Provision for unfinanced landfill liabilities	(365,873)	(332,096)
Equity in tangible capital assets (Note 8)	<u>21,241,951</u>	<u>20,574,383</u>
	<u>\$ 27,194,427</u>	<u>\$ 26,048,620</u>

NOTE 10 EXPENSES BY OBJECT

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2021</u>	<u>2020</u>
Salaries, wages and benefits	\$ 3,048,680	\$ 2,982,218	\$ 2,923,437
Material and supplies and contracted services	5,510,452	4,811,712	4,668,242
Interest expense	181,461	182,517	198,479
Taxation adjustments and vacancy rebates	-	2,710	2,710
Transfers and donations	607,168	595,837	592,113
Provision for landfill closure and post-closure cost	-	33,777	16,673
Amortization of tangible capital assets	-	<u>1,828,889</u>	<u>1,728,083</u>
	<u>\$ 9,347,761</u>	<u>\$ 10,437,660</u>	<u>\$ 10,129,737</u>

NOTE 11 OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

During 2021, requisitions were made by school boards and the County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>School Boards</u>	<u>County of Renfrew</u>
Property taxes	\$ 3,021,441	\$ 5,007,205
Taxation from other governments	<u>2,692</u>	<u>71,599</u>
Amount requisitioned	<u>\$ 3,024,133</u>	<u>\$ 5,078,804</u>

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 12 COMMITMENTS

City of Pembroke

The municipality has entered into service agreements with the City of Pembroke for the supply of sewage and water treatment and the provision of recreation and library services.

Included in the Consolidated Statement of Operations are charges from the City as follows:

	<u>2021</u>	<u>2020</u>
Sewage	\$ 314,423	\$ 286,692
Water	\$ 351,748	\$ 271,816
Recreation	\$ 348,508	\$ 347,576
Library	\$ 122,168	\$ 119,568

Garbage collection

The municipality has entered into contracts for the collection of garbage. The contract expires in March, 2025. The contract cost for 2021 was \$487,385 (2020 - \$487,489).

Policing

The municipality has a contract with the Province of Ontario for policing services. The contract cost for 2021 was \$1,374,016 (2020 - \$1,374,463).

NOTE 13 JOINT LOCAL BOARDS

The Township is a member of two joint local boards as follows:

Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the Municipal Act and on June 25, 1992 was continued as a body corporation by special legislation of the Province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Township's proportionate share of contributions to the Commission is 19.061% (2020 - 19.115%). The only transaction the Township had with the Commission during the year was the annual municipal levy of \$ 17,833 (2020 - \$17,032).

Summary financial information for the year ended December 31, 2021 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 395,893	\$ 75,462
Non-financial assets	<u>3,809,953</u>	<u>733,046</u>
Accumulated surplus	<u>\$ 4,205,846</u>	<u>\$ 808,508</u>
Revenue	\$ 507,406	\$ 96,541
Expenses	<u>478,901</u>	<u>91,283</u>
Excess of revenue over expenses	<u>\$ 28,505</u>	<u>\$ 5,258</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 13 JOINT LOCAL BOARDS (cont'd)

Ottawa Valley Waste Management Board

The Ottawa Valley Waste Management Board is a joint local board which was formed to direct the operation of the Ottawa Valley Waste Recovery Centre.

The Township's proportionate share of contributions to the Board is 23.23% (2020 - 23.42%). The Township had the following transactions with the Board:

	<u>2021</u>	<u>2020</u>
Tipping fees	\$ <u>289,967</u>	\$ <u>284,657</u>

The Township made the following debt payments on behalf of the Board:

Long-term debt principal	\$ 111,800	\$ 111,800
Long-term debt interest	<u>12,125</u>	<u>20,208</u>
	\$ <u>123,925</u>	\$ <u>132,008</u>

Further, the Township received royalties of \$148,481 (2020 - \$134,576) from the Board.

All of the above transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2021 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 4,574,886	\$ 1,067,096
Non-financial assets	<u>12,733,933</u>	<u>2,910,243</u>
Accumulated surplus	\$ <u>17,308,819</u>	\$ <u>3,977,339</u>
Revenue	\$ 7,610,759	\$ 1,754,084
Expenses	<u>5,455,506</u>	<u>1,264,211</u>
Excess of revenue over expenses	\$ <u>2,155,253</u>	\$ <u>489,873</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 14 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, investments, taxes receivable, accounts receivable, accounts payable and accrued liabilities and long-term debt.

Risk

It is management's opinion that the Township is not exposed to significant interest, market, liquidity, currency or credit risks arising from its financial instruments. The Township is subject to credit risk with respect to taxes and accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the Township provides services may experience financial difficulty and be unable to fulfil their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes credit risk.

Fair market value

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. The fair market value of the investments is disclosed in Note 2 to the consolidated financial statements. It is not practicable to determine the fair market value of the long-term debt. The terms and conditions of the long-term debt are disclosed in Note 6 to the consolidated financial statements.

NOTE 15 BUDGET FIGURES

Budget figures reported on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Debt are based on 2021 operating and capital budgets as approved by Council on December 15, 2020 (By-law 2020-12-059).

NOTE 16 PENSION AGREEMENT

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of permanent members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is financed by employer and employee contributions and by investment earnings of the OMERS Fund.

Contributions for current service are recorded as expenditures in the year in which they became due.

The Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

Total current service contributions by the Township to OMERS in 2021 were \$139,793 (2020 - \$137,543). These contributions were matched with identical employee contributions for both years.

At December 31, 2021, OMERS disclosed an actuarial deficit of \$69 million.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 17 SEGMENTED DISCLOSURES

The Township of Laurentian Valley provides a range of services to its ratepayers. For each segment as reported in Schedule 2, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

General government consists of the Mayor and Council, the Chief Administrative Officer and administrative services which include the Treasurer and Deputy Clerk.

Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments.

Transportation services include engineering, storm sewer, road and sidewalk construction and maintenance, street lighting and winter control as well as the Township's share of the Pembroke and Area Airport Commission.

Environmental services consist of waterworks and sanitary operations, wastewater treatment, solid waste disposal and recycling and the Township's share of the Ottawa Valley Waste Management Board.

Recreation and cultural services is comprised primarily of parks services, operation of recreational facilities and transfers to the City of Pembroke for library and recreational services.

Planning and development consists of planning and zoning and economic development.

NOTE 18 ECONOMIC UNCERTAINTY

In Mid-March of 2020, the Province of Ontario declared a state of emergency in response to public health concerns originating from the spread of the coronavirus. The Township's delivery of services has been altered as a result. There is a degree of uncertainty surrounding the full economic impact of the situation which continues to evolve.